Vote No. 73

May 20, 1997, 7:53 pm Page S-4744 Temp. Record

BUDGET RESOLUTION/Spending Cuts if Revenue Shortfalls

SUBJECT:

Senate Concurrent Budget Resolution for fiscal years 1998-2002 . . . S.Con. Res. 27. Domenici motion to table the Allard/Inhofe amendment No. 292.

ACTION: MOTION TO TABLE AGREED TO, 70-29

SYNOPSIS: As reported, S. Con Res. 27, the Concurrent Budget Resolution for fiscal year 1998, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 5 years to below the rate of growth in revenue collections (the Congressional Budget Office recently revised upwards its 5-year revenue estimate by \$225 billion).

The Allard/Inhofe amendment would establish a Budget Act point of order in fiscal years (FYs) 1999-2002 against considering a budget resolution that did not reduce discretionary spending by any amount that projected revenues for years covered by that resolution had declined from the projected revenues for those years in this budget resolution (for example, if projected revenues for FY 1999 in the FY 1999 budget resolution were \$50 billion less than projected in this resolution, then the FY 1999 budget authority and outlay totals would have to be reduced to offset fully that lower projection). The point of order could be waived by a three-fifths majority (60) vote of the Senate. Debate on an appeal of a ruling of the Chair on this point of order would be limited to 1 hour, and a three-fifths majority (60) vote of the Senate would be required to sustain an appeal.

Debate on a first-degree amendment to a budget resolution is limited to 2 hours. Debate was further limited by unanimous consent. Following debate, Senator Domenici moved to table the Allard amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

Our colleagues' dedication to balancing the budget is admirable, but their amendment would have several unintended consequences. First, it would not promote responsible, reasoned reductions to offset lower than expected revenues because it would

(See other side)							
YEAS (70)			NAYS (29)			NOT VOTING (1)	
Republicans	Democrats (44 or 100%)		Republicans (29 or 53%)		Democrats (0 or 0%)	Republicans (0)	Democrats (1)
(26 or 47%)							
Bennett Bond Campbell Chafee Cochran Collins D'Amato DeWine Domenici Frist Gorton Hagel Jeffords Lott Lugar Mack Roberts Roth Shelby Smith, Gordon Snowe Specter Stevens Thompson Thurmond Warner	Akaka Baucus Biden Bingaman Boxer Breaux Bryan Bumpers Byrd Cleland Conrad Daschle Dodd Dorgan Durbin Feingold Feinstein Ford Glenn Graham Hollings Inouye	Johnson Kennedy Kerrey Kerry Kohl Landrieu Lautenberg Leahy Levin Lieberman Mikulski Moseley-Braun Moynihan Murray Reed Reid Robb Rockefeller Sarbanes Torricelli Wellstone Wyden	Abraham Allard Ashcroft Brownback Burns Coats Coverdell Craig Enzi Faircloth Gramm Grams Grassley Gregg Hatch	Helms Hutchinson Hutchison Inhofe Kempthorne Kyl McCain McConnell Murkowski Nickles Santorum Sessions Smith, Bob Thomas		EXPLANAT 1—Official I 2—Necessar 3—Illness 4—Other SYMBOLS: AY—Annou AN—Annou PY—Paired PN—Paired	nced Yea nced Nay Yea

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only make those reductions in discretionary spending, which comprises just one-third of the budget. Further, half of discretionary spending is on defense. If there is a large, unexpected drop in revenues, the Allard/Inhofe amendment would create huge pressure to cut defense programs that are necessary for our national security. Defense spending is already at its lowest level since before World War II; we are not willing to support further cuts. The next problem is that when revenues drop, it is often because of a recession. Whether one believes in countercyclical policies or not, for humanitarian reasons social programs should not be cut during recessions when those programs are needed most. However, when spending is cut as proposed by the Allard amendment, usually one of the first places Senators look for savings is social spending. Yet another problem with this amendment is that it looks at only one of the estimates that go into budget resolutions. Resolutions are based on estimates of growth rates, unemployment rates, inflation rates, and other factors. Making cuts based on a change in just one estimate would not make sense. For instance, if unemployment declined drastically, unemployment benefits would decline sharply, and could offset any decline in expected revenues. In such a case, do our colleagues really think that discretionary spending should automatically be cut? This budget resolution uses Congressional Budget Office (CBO) estimates. Some Senators have complained that those estimates are unduly optimistic, but we note that historically the CBO's estimates have been more conservative than estimates made by other Government and private sector groups. In this case, the CBO's numbers are more pessimistic than the Office of Management and Budget's, the Blue Chip Economic Indicator's, and every other group's analyses that we have seen. This budget resolution has a tough, responsible plan to balance the budget using the most conservative estimates available. Every year in the future we intend to follow the same route in preparing budget resolutions. Though we understand and share our colleagues' determination to balance the budget, the amendment they have proposed to work toward that end is ill-advised. Therefore, we must urge our colleagues to join us in tabling it.

Those opposing the motion to table contended:

The Allard/Inhofe amendment would make it much more likely that this budget resolution will lead to the balance in 2002 that it promises. Without this amendment, we are frankly very doubtful that it will succeed. Over the years we have seen many budget proposals that supposedly were going to result, eventually, in a balanced budget. Typically, they have had higher taxes and much higher spending at the outset, and almost all of the savings that they were supposedly going to achieve were supposed to occur in the outyears. Obviously none of those 5-year plans worked because the budget is still out of balance; they never worked because when the outyears arrived, and tough decisions were supposed to be made, Congress instead came up with new 5-year plans. Admittedly, this resolution is better than prior resolutions in that substantial savings are sought in entitlements and that the size of the Government will shrink rather than grow (despite the tens of billions of dollars in new spending on discretionary social programs). However, we are still very concerned because the projected growth rate over the next several years in revenues, in our opinion, is unrealistically high.

The economy goes through up-and-down cycles. Looking at the historical pattern of the last 50 years, the United States is about to end a growth period and go into a recession. Our colleagues tell us that all the economic prognosticators they have consulted have predicted continued growth, so this resolution is justified to plan for such growth. We hope our colleagues are right, but we should prepare in case they are wrong. In the event that there is a downturn, the Government should respond by cutting spending. If the Government has less money to spend, it should not borrow more and spend more--it should spend less.

We know that the idea of the size of the Government actually shrinking might be a little shocking to our colleagues because it has not done so in the past 50 years. Year in and year out, in good times and bad, the Government has grown, and in most of those years it has spent much more than it has collected in taxes. The result is a crushing debt burden that lowers everyone's standard of living and threatens to bankrupt the country. That deficit spending and Government growth has had absolutely nothing to do with the business cycle. Those Senators who say that we have avoided more severe recessions in the past 5 decades because of countercyclical spending have not looked at the facts honestly. In every recession in which the usual deficit spending was increased as a deliberate countercyclical measure, that extra spending was not passed and affecting the economy until after the recession had ended. The excuse that sometimes the Government needs to deficit spend simply does not hold up under examination. Further, the fact that Congress has used that excuse so much in the past 50 years is a major reason the country is so deeply in debt today.

We ran for office on the promise that balancing the budget would be our first priority. The Allard/Inhofe amendment would help fulfill that promise. We are pleased to give it our total support.